

Corporate insolvencies: March quarter 2018

Quarterly result

ASIC's quarterly insolvency statistics for the third quarter of the 2017/18 financial year, shows a minor increase from the previous quarter of 0.2% in companies entering external administration (EXAD). Appointments totalled 1,813 compared to 1,809 in the previous quarter. The quarterly total was 5.6% higher than the 2017 March quarter (1,717) (see [Table 1](#)).

The percentage of companies entering EXAD for the quarter, relative to new incorporations, continues to remain below 4%. (see [Chart 5 — Ratio of EXADs to new business registrations](#)).

Appointment type by State

Court liquidation appointments (down 62 appointments or 11.3%)

A fall in court liquidations was mainly attributable to decreases in New South Wales (down 34 appointments or 20.1%), South Australia (down 18 appointments or 46.2%) and Victoria (down 11 appointments or 8.5%). These were partially offset by a rise in Western Australia (up 12 appointments or 17.4%).

Director-initiated winding up appointments (up 66 appointments or 7.7%)

Rises experienced in all regions. The regions with the greatest increase in appointments were New South Wales (up 19 appointments or 6.1%), Victoria (up 14 appointments or 6.3%) and Western Australia (up 10 appointments or 11.2%).

Receivership appointments (down 49 appointments or 31%)

National results driven by falls in Victoria (down 20 appointments or 41.7%), Queensland (down 15 or 36.6%) and New South Wales (down 7 or 19.4%)

Voluntary administrators (up 50 appointments or by 20.4%)

Rises in Queensland (up 25 appointments or 75.8%), Victoria (up 21 or 31.8%) and New South Wales (up 13 or 17.3%) were partially offset by a fall in Western Australia (down 10 or 20.4%).

Regional statistics

Relatively flat result for the March quarter (up 0.2%) compared to the December 2017 quarter reflected flat results in the larger states of New South Wales (down 9 appointments or 1.5%) and Victoria (up 1 appointment or 0.2%) and a rise in Queensland (up 16 appointments or 4.2%) and Northern Territory (up 9 appointments or 100%) being offset by South Australia (down 13 appointments or 14%).

Industry statistics

Table 4 summarises ASIC's statistics for the third quarter of the 2017/18 financial year for the top 10 industries in which companies entering external administration operate or formerly operated.

Tables and charts

Table 1— Companies entering into EXAD in March quarter 2018

Month	2017	2018	% change
January	396	461	16.4%
February	576	645	12.0%
March	745	707	-5.1%
Total	1,717	1,813	5.6%

Table 2— Companies entering into EXAD by region (quarterly change)

State / territory	Mar Qtr 2017	Dec Qtr 2017	Mar Qtr 2018	%	% change Mar Qtr 2017	% change Dec Qtr 2017
NSW	623	589	580	32.0%	-6.9%	-1.5%
VIC	431	469	470	25.9%	9.0%	0.2%
QLD	347	382	398	22.0%	14.7%	4.2%
SA	68	93	80	4.4%	17.6%	-14.0%
WA	189	231	237	13.1%	25.4%	2.6%
TAS	11	11	7	0.4%	-36.4%	-36.4%
NT	10	9	18	1.0%	80.0%	100.0%
ACT	38	25	23	1.3%	-39.5%	-8.0%
Total	1,717	1,809	1,813	100.0%	5.6%	0.2%

NB: ASIC notes that a relatively small number of appointments in smaller regions can unduly influence percentage changes.

Table 3 — Analysis by appointment type – quarter ended March 2018*

* *excludes: scheme administrator and foreign/RAB wind-ups; and members voluntary liquidation appointments as these relate to solvent entities*

Appointment type	Mar Qtr 2017	Dec Qtr 2017	Mar Qtr 2018	% change Mar Qtr 2017	% change Dec Qtr 2017
Court liquidations (1)	505	549	487	-3.6%	-11.3%
Creditors' voluntary liquidations	808	854	920	13.9%	7.7%
Receiverships (2)	107	158	109	1.9%	-31.0%
Voluntary administrations	296	245	295	-0.3%	20.4%
Total	1,716	1,806	1,811	5.5%	0.3%

(1) includes provisional liquidations

(2) includes receivers, receivers and managers, controllers and managing controllers

(3) excludes Foreign/RAB wind-up

Table 4 — Analysis by industry type – quarter ended March 2018

Top 10 Industries	Mar Qtr 2017	Dec Qtr 2017	Mar Qtr 2018	% change Mar Qtr 2017	% change Dec Qtr 2017
Other (business & personal) services	575	687	661	15.0%	-3.8%
Construction	355	303	309	-13.0%	2.0%
Accommodation & food services	167	217	239	43.1%	10.1%
Retail trade	136	118	140	2.9%	18.6%
Transport, postal & warehousing	87	98	81	-6.9%	-17.3%
Manufacturing	64	56	69	7.8%	23.2%
Agriculture, forestry & fishing	29	28	51	75.9%	82.1%
Electricity, gas, water & waste services	31	21	31	0.0%	47.6%
Professional, scientific & technical services	23	32	29	26.1%	-9.4%
Rental, hiring & real estate services	40	41	29	-27.5%	-29.3%
Other industries	186	173	159	-14.5%	-8.1%
Unknown	24	35	15	-37.5%	-57.1%
Total	1,717	1,809	1,813	5.6%	0.2%

NB: Industry classification information aligns with the 2006 Australian and New Zealand Standard Industrial Classification (ANZSIC) divisions. Due to ASIC's regulatory role in the financial and insurance services industry, we divided this industry classification into six sub-categories.

"Unknown" primarily relates to controller appointments by secured lenders where the appointee lodged a Form 504 and failed to lodge a Form 505, (being the document that captures the industry details).

Chart 1— Companies entering into EXAD by quarter and type of appointment

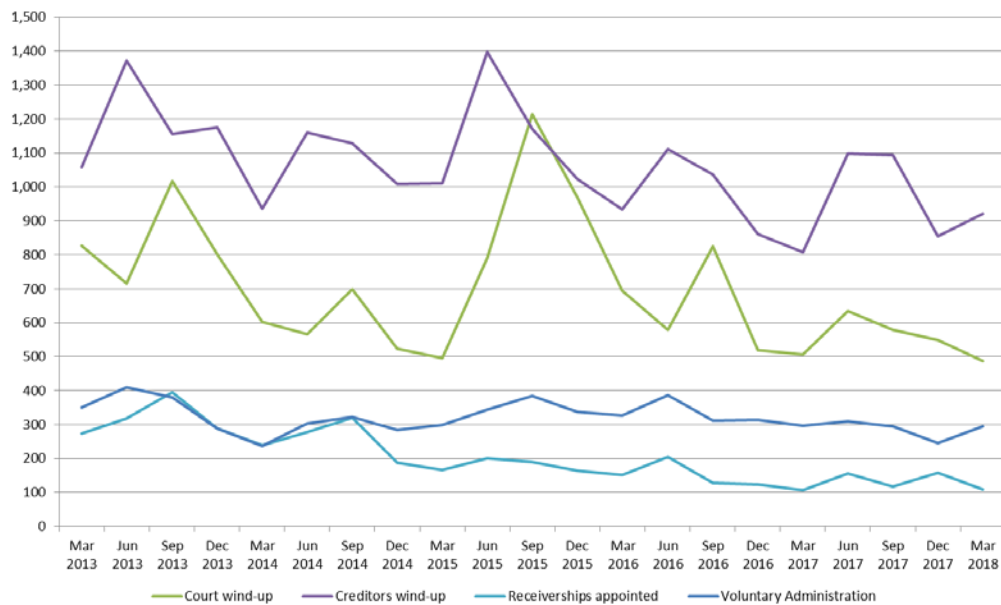


Chart 2 — Companies entering EXAD by quarter

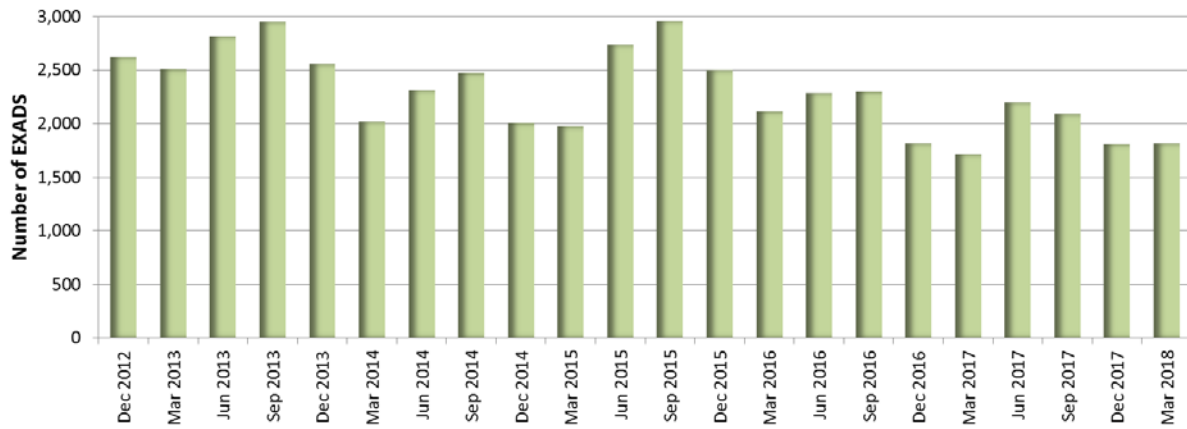


Chart 3 – Companies entering into EXAD by quarter and industry for year to date compared to prior year comparative period

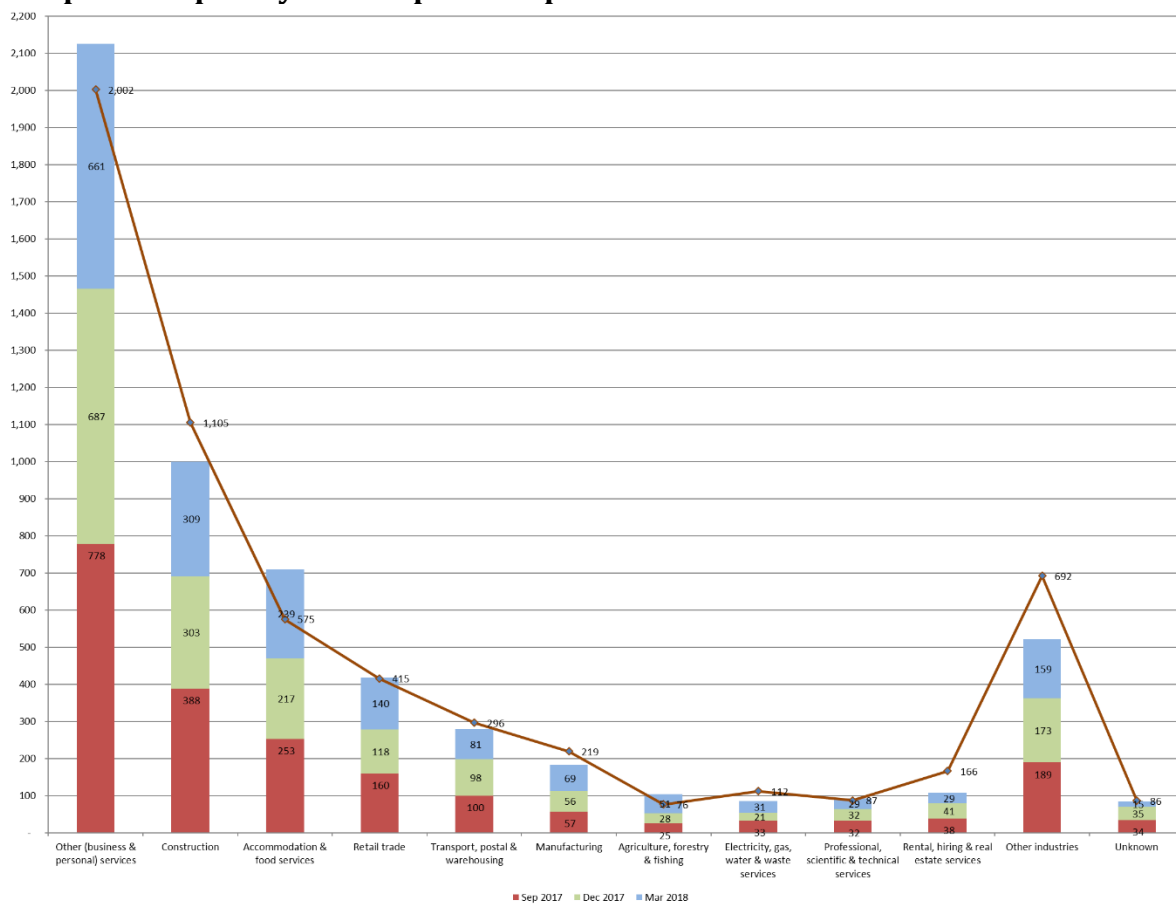


Chart 4 — Rate of new company registrations and rate of insolvencies (EXADs) per month as a percentage of total companies incorporated:

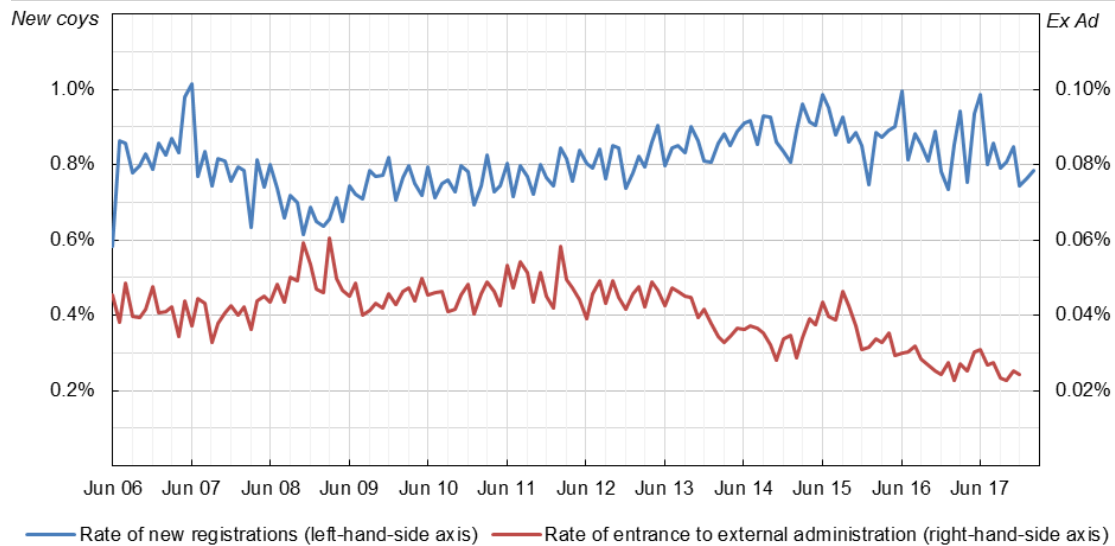
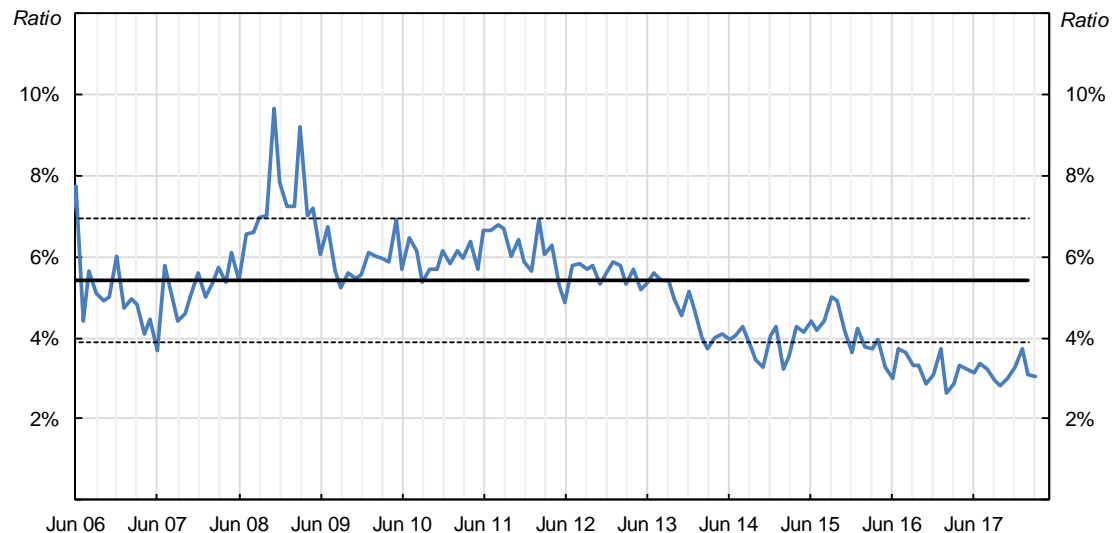


Chart 5 — Ratio of EXADs to new business registrations:



Background

ASIC publishes monthly insolvency statistics (Series 1 and 2) detailing the number and type of corporate insolvency appointments. The law requires external administrators to notify ASIC of their appointments. ASIC records this information on the public register. From 1 July 2013, following an ASIC change to the Form 505 – Notice of Appointment, ASIC commenced recording and reporting industry type from the notice of appointment lodged with ASIC following an external administrator's appointment (Series 1A).